



RESOLUTION # 10-4/11

TO: HONORABLE MEMBERS OF THE LA CROSSE COUNTY BOARD OF SUPERVISORS

ITEM # 4-27

BOARD ACTION

Adopted:
For: 24
Against: -
Abstain: -
Abs/Excd: 11
Vote Req: _____
Other Action: _____

EXECUTIVE COMMITTEE ACTION

Adopted:
For: 7
Against: -
Abstain: -
Abs/Excd: 2

RE: **IMPLEMENTING COUNTY PICK-UP OF EMPLOYEE RETIREMENT CONTRIBUTIONS PURSUANT TO 26 U.S. CODE SECTION 414(h)(2)**

WHEREAS, the adoption of 2011 Wisconsin Act 10 (State Budget Repair Bill) when it is published and effective will require that employees contribute 50% of Wisconsin Retirement System (WRS) contributions which would be 5.8% for 2011, unless the employees are covered under a valid agreement under Wis. Stat. s. 111.70; and,

WHEREAS, the adopted 2011-2013 collective bargaining agreements with La Crosse County unions indicate agreement to pay for the cost of 50% of the WRS contribution effective January 1, 2012; and,

WHEREAS, until the adoption of Act 10, the WRS contributions are not subject to income tax and in most cases 100% are paid for by the employer; and,

WHEREAS, under 26 U.S. Code § 414(h)(2), employee contributions to a public employer pension plan may be picked up, *i.e.*, paid for, on a pre-tax basis by the public employer and excluded from an employee's yearly gross income (until distributed or made available to the employee) if the employer specifies that the contributions, although designated as employee contributions to the plan, are being paid by the employer in lieu of contributions by the employee, and the employee cannot choose to receive the amounts directly instead of having them paid by the employer; and,

WHEREAS, the La Crosse County Board has determined that, even though such implementation is not required by law, the tax benefit of Section 414(h)(2) in reducing taxable employee gross income should be provided to all County employees contributing to the Wisconsin Retirement System ("WRS").

NOW, THEREFORE BE IT RESOLVED AS FOLLOWS,


1. Pursuant to Section 414(h)(2), the La Crosse County Board hereby elects to implement an employer pick-up of employee retirement contributions as to all County employees.
2. Pursuant to this resolution, picked-up contributions, though designated as employee contributions to WRS, will be picked up on a pre-tax basis by the County in lieu of contributions by the affected employees, and the wages of such employees shall be reduced by a corresponding amount for current federal and Wisconsin income tax purposes, but not FICA purposes.
3. Amounts picked-up by the County shall be paid from the same source of funds as used in paying the wages of the affected employees.
4. Amounts picked-up by the County shall be treated for all purposes, other than taxation on gross income, in the same manner and to the same extent as employee contributions made prior to the effective date of this resolution.


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5. The affected employees shall not have the option of receiving the picked-up amounts directly instead of having them paid by the County.
6. The terms of this resolution shall be operative only so long as public employer pick-ups of employee retirement contributions continue to be excludable from employee gross income under the Internal Revenue Code.
7. The La Crosse County Board makes no representations or guarantees regarding the tax or financial consequences of employer pick-ups to any particular employee contributing to WRS and hereby notifies all such employees to seek, at their own expense, appropriate financial, legal or tax advice with respect to their particular financial questions or situation.
8. The terms of this Resolution shall become effective on the effective date of 2011 Wisconsin Act 10 and will only be "triggered" if employees are required to make a mandatory employee contribution by salary reduction to WRS.

FISCAL NOTE: The WRS mandatory employee contributions under Wisconsin Act 10 will be deducted from the employees' salary or wages, but will be considered "picked-up" by the employer in accordance with the Internal Revenue Code and thereby treated as pre-tax contributions rather than after-tax contributions for income tax purposes. However, the employee contributions will be subject to Social Security and Medicare taxes.

Date: 4/14/11

 EXECUTIVE COMMITTEE

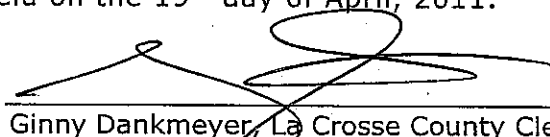
Date: 4/14/11

 RECORDING CLERK

	Reviewed Only	Recommended	Not Recommended	
Co. Admin.	_____	<u>SO</u>	_____	Requested By: County Administrator Date Requested: March 22, 2011 Drafted By: Corporation Counsel
Fin. Director	_____	<u>COB</u>	_____	
Corp. Counsel	_____	<u>WRS</u>	_____	
Board Chair	<u>SD/nn</u>	_____	_____	

Adopted by the La Crosse County Board this 19 Day of April, 2011

STATE OF WISCONSIN
 COUNTY OF LA CROSSE

I, Ginny Dankmeyer, County Clerk of La Crosse County do hereby certify that this document is a true and correct copy of the original resolution required by law to be in my custody and which the County Board of Supervisors of La Crosse County adopted at a meeting held on the 19th day of April, 2011.


 Ginny Dankmeyer, La Crosse County Clerk